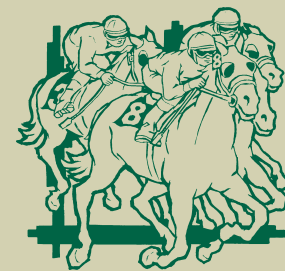




State of California
Franchise Tax Board



Nonresident Withholding- Entertainment Guidelines

For additional information, contact the Nonresident Withholding Section



Telephone: 916-845-6262 Entertainment Program

916-845-4900 General Information

If you need additional information, please call us. Our automated telephone system allows you to access important information seven days a week, 24 hours a day. If the system does not completely answer your questions, you may speak with a representative Monday through Friday between the hours of 6 a.m. and 5 p.m.



FAX: 916-845-4831



Mailing Address: NONRESIDENT WITHHOLDING SECTION

(correspondence or waiver requests)

**FRANCHISE TAX BOARD
PO BOX 651
SACRAMENTO CA 95812-0651**



Mailing Address:

(for remitting withholding)

**FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO CA 94267-0001**



Internet Address: <http://www.ftb.ca.gov>

(FTB Home Page - search using Nonresident Withholding)



Forms-By-FAX: 1-800-998-3676

You can get forms via fax seven days a week, 24 hours a day. Please use the following codes when requesting these forms:

<u>Code</u>	<u>Description</u>
108	Withholding Exemption Certificate, Form 590
110	Annual Return Package, Including Forms 592, 592-A, 592-B and Instructions

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Purpose

This publication provides guidance for those making payments to nonresident entertainers. The entities making these payments are referred to as withholding agents.

This publication does not cover withholding on:

- distributions made to nonresident partners;
- payments made to nonresident independent contractors who are not entertainers;
- nonresident sellers of California real estate; or
- wage withholding from payments made to employees.

For more information on partnership, independent contractor and real estate withholding, please refer to Franchise Tax Board Publication 1017, Nonresident Withholding - Partnership Guidelines; FTB Pub 1023, Nonresident Withholding - Independent Contractor Rent & Royalty Guidelines; and FTB Pub 1016, Nonresident Withholding - Real Estate Guidelines.

For information on wage withholding, contact the Employment Development Department.

This publication contains all the forms applicable to withholding on nonresident entertainers. Except for Form 594, Notice to Withhold Tax at Source, and Form 595, Notice to Withholding Agent, the forms in this publication are provided for you to use or photocopy. Forms 594 and 595 must be completed by the FTB and are sent directly to the withholding agents.

Law

California Revenue and Taxation Code (R&TC) Section 18662 and the related California regulations (18662-1 through 18662-14) require withholding of California income or franchise taxes from payments to nonresident entities performing services in California.

California R&TC Section 18668 makes the withholding agent liable for any tax required to be withheld.

Per R&TC Section 17951, nonresidents are taxed on all income from sources within California. Income from sources within California includes compensation for personal services performed within California. Compensation earned by nonresident entertainers is considered earned where the services are performed, regardless of where the nonresident entertainers live, enter into the contract, or receive payment. Nonresident entertainers and athletes must include in California gross income the gross payments for all services performed in California.

Overview

Withholding is required when making payments to actors, singers, bands, orchestras, plays, dance teams, wrestlers, boxers, golfers, tennis players, speakers, prize money winners from game shows and horse racing, circuses and other nonresident entertainers.

The Franchise Tax Board sends a letter to entities that may have a requirement to withhold from payments to nonresident entertainers. It is our policy to help entities understand the withholding requirements, set up procedures, resolve

Agent Notification Letter (FTB 4083). There is a sample of this Form letter at the end of this booklet.

FTB generally receives performance information from the withholding agent before performances occur. The information includes the names of nonresident entertainers, dates of performance and compensation. Based on this information, FTB determines if withholding at the statutory 7 percent rate will result in over-withholding. If so, FTB may authorize a withholding rate that more accurately represents the nonresident entertainer's estimated tax liability. FTB then notifies the withholding agent of the withholding rate for the specific performance by sending the withholding agent Form 594, Notice to Withhold Tax at Source. If FTB determines that no withholding is required for a performance, it will issue a Notice to Withholding Agent, Form 595, waiving the withholding. If FTB does not notify the withholding agent of a waiver or reduced withholding rate, the withholding agent must withhold 7 percent from payments made to nonresident entertainers.

Frequently Asked Questions

Withholding Requirements

1. When is a withholding agent required to withhold?

A withholding agent is required to withhold from payments made to a nonresident entertainer when the payments are greater than \$1,500 for the calendar year.

2. What is the withholding rate?

The withholding rate is 7 percent of gross payments made to nonresident entertainers for services performed in California. A withholding agent must withhold 7 percent from all payments made to a nonresident entertainer performing in California, unless:

- a. The withholding agent receives Form 594, Notice to Withhold Tax at Source, from FTB authorizing a withholding rate of less than 7 percent.
- b. The withholding agent receives a waiver, Form 595, Notice to Withholding Agent, from the FTB.

3. Are there exceptions to withholding?

Yes. Withholding is not required if one of the following exceptions is met:

- a. The entertainer is a California resident.
- b. The entertainer is a corporation that is qualified to do business in California or has a permanent place of business in California.
- c. The entertainer is a partnership or a Limited Liability Company that has a permanent place of business in California.
- d. The entertainer is a tax-exempt organization under either California or federal law.

Note: The exceptions listed above apply to the actual entertainer, not the entertainer's agent. If the entertainer meets one of the exceptions a through d listed above, the entertainer should complete FTB Form 590, Withholding Exemption Certificate. Please refer to Page 4, Exemption From Withholding, for additional information about Form 590.

- e. The total payments of California source income to the entertainer are equal to or less than \$1,500 for the calendar year. Please see Page 3 under Payments of \$1,500 or less for additional information.
- f. The services provided by the entertainer are not performed in California.
- g. The entertainer or the withholding agent receives a withholding waiver from the FTB.

Note: If one of the exceptions e through g listed above are met, withholding is not required. Form 590 does not need to be completed for exceptions e through g.

4. Is withholding required if Form 594, Notice to Withhold Tax at Source, or Form 595, Notice to Withholding Agent, is not received from the Franchise Tax Board before the performance date or the date the nonresident entertainer is paid?
Yes. If a withholding agent has not received Form 594 stating the withholding rate, or Form 595 authorizing a waiver by the date of the performance or payment, then withholding at 7 percent is required. See Question 33 for additional information.

5. What are the procedures when withholding agents do not receive Form 594, Notice to Withhold Tax at Source, or Form 595, Notice to Withholding Agent, from FTB, and the entertainer or the entertainer's representative believes that withholding at 7 percent is too high?

In cases where the withholding agent has not received Form 594 or Form 595 prior to a performance or prior to paying the nonresident entertainer, the withholding agent must withhold 7 percent of the total payment. Even though 7 percent must be withheld, if the entertainer or the entertainer's representative believes that withholding at 7 percent is too high, the withholding agent may:

- a. immediately call the FTB's Nonresident Withholding Section at (916) 845-6262. After discussing the specific performance information and payment amount, the FTB will:
 - authorize a reduced withholding rate;
 - authorize a waiver; or
 - confirm the 7 percent withholding rate.

FTB will give the withholding agent the authorized withholding rate or waiver information verbally and send Form 594 or Form 595 to the withholding agent.

If FTB authorizes a reduced withholding rate or a waiver, any excess amounts withheld (the difference between the 7 percent and the authorized withholding rate) must be returned to the nonresident entertainer.

or,

- b. inform nonresident entertainers that 7 percent has been withheld and that the nonresident entertainer may contact FTB to request a reduced withholding rate or waiver.
If the nonresident entertainer plans to contact FTB and request a reduced withholding rate, the withholding agent should call to inform FTB that the nonresident entertainer will be making a reduced rate request. Withholding agents should hold the funds until it receives FTB's

determination.

If the withholding agent has not received Form 594 or Form 595 from FTB by the 15th day of the month following the month of the performance, the withholding agent may call FTB for the status of the nonresident entertainer's reduced rate request.

If FTB does not authorize a reduced withholding rate or a waiver, or if the nonresident entertainer is not requesting a reduced withholding rate, the 7 percent withholding should be remitted using Form 592-A, Nonresident Withholding Remittance Statement.

Please see Waivers or Reduced Withholding Rates, and Reporting and Sending Withholding Amounts/Due Dates, for more information.

6. Are withholding agents required to withhold tax when the nonresident entertainer's contract states that there shall be no withholding from compensation?

Yes. Revenue and Taxation Code (R&TC) Section 18662 requires the withholding agent to withhold. R&TC Section 18668 makes the withholding agent liable for any tax required to be withheld. Withholding agents should inform nonresident entertainers that the law requires them to withhold.

7. Are withholding agents required to notify nonresident entertainers of the withholding requirements?

No. Withholding agents are not required to notify nonresident entertainers of the withholding requirements. However, we recommend that they explain California's withholding requirements, before actually withholding, in order to avoid confusion.

Income Subject to Withholding

8. What nonresident entities are subject to withholding when receiving payments for services performed in California?

Nonresident entities subject to withholding include

- individuals who are nonresidents of California;
- corporations that do not have a permanent place of business in California, or are not qualified through the Office of the Secretary of State to do business in California;
- partnerships and Limited Liability Companies that do not have a permanent place of business in California; and
- nonresident estates and trusts.

9. Are partnership and Limited Liability Companies (LLCs) that are in California to present plays, ballets, operas and other musical productions subject to withholding?

Partnerships and LLCs that do not have a permanent place of business in California are subject to withholding.

10. What types of entertainers are subject to withholding?

Nonresident entertainers subject to withholding include, but are not limited to, actors, singers, bands, orchestras, plays, dance teams, wrestlers, boxers, golfers, tennis players, speakers, game show prize winners, horse racing and circus acts.

BULK SALE CERTIFICATE REQUEST

11. What types of payments are subject to withholding?
Payments made to nonresident entertainers for services rendered in the state of California are subject to withholding. These payments include, but are not limited to, guaranteed payments, overages, royalties, and residual payments.
12. If payments are exempt from federal tax due to tax treaties (federal Form W-8, Certificate of Foreign Status), are the payments also exempt from California tax and not subject to withholding?
No. California does not conform to federal law relating to income protected by U.S. tax treaties. California income is subject to withholding. The entertainer may request a waiver or reduced withholding rate if the statutory amount will result in over-withholding. Nonresident aliens are required to report income from their California performances on Form 540NR, California Nonresident or Part-Year Resident Income Tax Return.
See Page 5 for additional information regarding waivers and reduced withholding rates.
13. Are withholding agents required to withhold from payments made to reimburse expenses?
No. If the reimbursement is separately accounted for and is not subject to federal Form 1099 reporting, withholding agents are not required to withhold on payments to reimburse a nonresident entertainer for expenses relating to services performed in California.
When the reimbursed expenses do not meet these requirements, the withholding agent should withhold on the total payment.

Payments of \$1,500 or Less

14. If a withholding agent expects total payments to a nonresident entertainer to exceed \$1,500 during the year, when should withholding start: At the time of the first payment? Or, when the total payments exceed \$1,500?
Begin withholding on the first payment to the nonresident entertainer. The total payments are subject to withholding, not just the amount exceeding \$1,500.
15. Will FTB require "catch-up" withholding if the withholding agent reasonably believed that total payments to a nonresident entertainer for the year would not exceed \$1,500 but later determines that the total payments will exceed \$1,500?
No. The FTB will not require the withholding agent to catch-up withholding for prior payments. Withholding must begin as soon as the withholding agent determines that total payments of California source income for the calendar year will exceed \$1,500.
16. What should the withholding agent do when Form 594, Notice to Withhold Tax at Source, is received for a performance, the total payment to the nonresident entertainer is \$1,500 or less, and the withholding agent will not be making another payment to the nonresident entertainer during the calendar year?

The withholding agent should return Form 594 to FTB with an explanation that withholding was not required because the total payment to the nonresident entertainer was \$1,500 or less.

Payments Made to Agents

17. Is withholding required if the compensation paid to nonresident entertainers is made to their California agents or promoters?
Yes, if the withholding agent receives Form 594, Notice to Withhold Tax at Source, withholding is required even though the payment is not made directly to the nonresident entertainer. Withholding is required even if the agent or promoter meets one of the exceptions listed in Question 3.

Supporting Acts

18. What should withholding agents do when they receive Form 594, Notice to Withhold Tax at Source, for a supporting act, when the contract is negotiated with a headliner and the headliner is paying the supporting act?
If withholding agents receive Form 594 for the supporting act, they should provide FTB with the necessary information to allow FTB to notify the headliner. FTB will send the headliner Form 594 to withhold on the supporting act and will send the withholding agents Form 595, Notice to Withholding Agent, to withdraw the original notice.

Payments for Sound and Lights

19. Is withholding required on payments made for sound and lights services provided in California by nonresidents?
Yes. Withholding is required on payments made for sound and lights services if payable to a nonresident.

Venues

20. What should lessors of a venue do upon receiving Form 594, Notice to Withhold Tax at Source, from FTB for a performance they are not promoting?
The lessor should contact FTB and provide the necessary information to allow FTB to notify the correct promoter. FTB will send the correct promoter Form 594 for the performance and will send the venue/lessor Form 595, Notice to Withholding Agent, to withdraw the original notice.
21. What is required of the successor if a venue sells, transfers, dissolves or otherwise disposes of the venue's business?
The successor is required to withhold in trust a sufficient part of the purchase price or set aside in trust, money, or property to cover the amount of taxes required to be withheld and any interest or penalties that are due or unpaid by the venue (California Revenue and Taxation Code Section 18669).
The successor may make a written request for a certificate from the Franchise Tax Board. FTB will issue a certificate stating that no taxes, interest or penalties are due or a statement showing the amount of tax, interest and penalties due from the venue. The successor must send any required tax, interest and penalties to FTB. The request for a certificate should be sent to:

NONRESIDENT WITHHOLDING
SECTION, MS F-265
FRANCHISE TAX BOARD
PO BOX 651
SACRAMENTO CA 95812-0651

Any successor failing to withhold money or other property, or failing to pay the amount due, shall be personally liable for the payment of the taxes, interest and penalties due from the seller. Payment by the successor does not release the seller from liability except to the extent of the amount paid by the successor.

22. What are the procedures for withholding when a performance is co-promoted?

It is the promoters' responsibility to inform FTB as to which promoter will be responsible for the withholding.

Canceled Performances

23. What is the procedure if a withholding agent receives Form 594, Notice to Withhold Tax at Source, for a performance that is canceled and no payment is made to the nonresident entertainer?

The withholding agent should return Form 594 to the Franchise Tax Board, with an explanation that withholding was not required because the performance was canceled and no payment was made.

Exemption From Withholding

24. How can entertainers certify that they are exempt from withholding?

Entertainers use Form 590, Withholding Exemption Certificate, to certify that they are residents of California or entities not subject to withholding. Withholding agents may send entertainers Form 590. Withholding agents should ask entertainers to complete Form 590 if it is likely that they meet one of the criteria indicated on the form. Entertainers are to complete Form 590 and give the completed Form to the withholding agent. The withholding agent will then be relieved of the withholding requirements for payments made to that entertainer.

Withholding agents retain Form 590 and forward a copy to the Franchise Tax Board.

- If Form 594, Notice to Withhold Tax at Source, was received, return the copy of Form 590 with Form 594 in place of payment.
- If Form 594 was not received, FAX the copy of Form 590 to the FTB at (916) 845-4831, or mail to:

ENTERTAINMENT PROGRAM
NONRESIDENT WITHHOLDING SECTION,
MS F-265
FRANCHISE TAX BOARD
PO BOX 651
SACRAMENTO CA 95812-0651

25. Who is exempt from withholding?

Form 590, Withholding Exemption Certificate, should be completed by:

- a. residents of California;

The term "resident" includes every individual who is in California for other than a temporary or transitory purpose. And, includes every indi-

vidual domiciled in California who is absent for a temporary or transitory purpose. Generally, an individual who comes to California for a purpose extending over a long or indefinite period will be considered a resident. An individual who comes to perform a particular contract of short duration will be considered a nonresident.

Withholding agents can rely on a California street address as an indication of an entertainer's residency status. If the entertainer has a California street address, no withholding is required and Form 590 is not needed to verify residency status, unless the withholding agent has reason to believe such address is merely a forwarding address. A valid California street address does not include a California post office box, or an in care of address.

If a change of address occurs, the withholding agent needs to re-evaluate the entertainer's residency status.

For assistance in determining residency status, obtain FTB Publication 1031, Guidelines for Determining Residency Status, by calling the numbers listed on page 7, Requirement to File a California Return.

- b. corporations with a permanent place of business in California, and corporations qualified through the Office of the Secretary of State to do business in California;

A corporation has a permanent place of business in this state if it is organized and existing under the laws of this state or, if a foreign corporation, it has qualified through the Office of the Secretary of State to transact intrastate business. A corporation which has not qualified to transact intrastate business (i.e., a corporation engaged exclusively in interstate commerce) will be considered as having a permanent place of business in this state only if it maintains a permanent office in this state which is permanently staffed by its employees.

- c. partnerships and Limited Liability Companies with a permanent place of business in California;

- d. tax-exempt entities under California or federal law; and

- e. California trusts and estates.

26. What should the withholding agent do if an entertainer gives the withholding agent an incomplete Form 590, Withholding Exemption Certificate?

An incomplete Form 590 is invalid and the withholding agent should not accept it. Before accepting Form 590 from an entertainer, the withholding agent should check the Form 590 for the following:

- a. the name and address of the entertainer;
- b. the entertainer's taxpayer identification number (social security number, federal identification number or California corporation number);
- c. the withholding agent's name;
- d. a box checked in front of the applicable exemption; and
- e. the name and title of the individual completing the form, the individual's signature and the date.

If the withholding agent receives an incomplete, invalid Form 590, the withholding agent is required to withhold tax on payments made to the entertainer, until a valid form is received.

The withholding agent should also verify that the information on the form pertains to the entertainer and not for the entertainer's representative or agent.

27. Is the withholding agent liable for knowingly accepting a false Form 590, Withholding Exemption Certificate?

Yes. A Form 590 is an exemption from withholding only if the withholding agent accepts it in good faith. A withholding agent who knowingly accepts a false Form 590 is subject to the liabilities and penalties relating to failure to withhold.

Please refer to the section titled "Withholding Agent Liability and Penalties" for additional information.

Waivers or Reduced Withholding Rates

28. What should withholding agents do when nonresident entertainers state that the withholding rate is too high?

Withholding agents should advise nonresident entertainers to contact FTB to request a reduced withholding rate.

29. Under what conditions does FTB grant waivers from withholding?

FTB generally grants waivers if the nonresident entertainer has a current history of filing California tax returns and/or is currently making estimated tax payments to the FTB.

30. When does FTB authorize reduced withholding rates?

FTB generally authorizes reduced withholding rates when the 7 percent withholding rate results in significant over-withholding.

31. What are the procedures for requesting a waiver or reduced withholding rate?

The nonresident entertainers or their representatives must contact FTB at (916) 845-6262. FTB will send the Nonresident Entertainment Guidelines for Requesting a Reduced Rate or Waiver via facsimile (FAX) or mail. The guidelines list the information FTB must have in order to process a request. A sample of the guidelines is included at the back of this booklet, and may be photocopied and provided to nonresident entertainers.

The nonresident entertainer, or the entertainer's representative, should send a letter to FTB requesting a waiver or reduced withholding rate. Include the documentation outlined in the Guidelines with the request.

Send requests for a waiver or a reduced withholding rate to:

ENTERTAINMENT PROGRAM
NONRESIDENT WITHHOLDING SECTION,
MS F-265
FRANCHISE TAX BOARD
PO BOX 651
SACRAMENTO, CA 95812-0651
or, FAX the request to the FTB at
(916) 845-4831.

FTB issues Form 595, Notice to Withholding Agent, to authorize a waiver from the withholding. If we do not authorize a full waiver from withholding, we send the entertainer or the entertainer's agent Form 594, Notice to Withhold Tax at Source. Form 594 will show the required withholding rate. In those cases where we deny the request entirely for waiver from withholding, we send a letter to the entertainer and to the withholding agent informing them of the denial.

Reporting and Sending Withholding Amounts / Due Dates

32. How is withholding reported and remitted when Form 594, Notice to Withhold Tax at Source, is received by withholding agents?

The withholding agents should complete the upper section of Form 594, and:

- Return Copy A with the payment of tax withheld to the FTB by the 20th day of the month following the month of the performance date.
- Give Copies B and C to the nonresident entertainer. Nonresident entertainers attach Copy B of Form 594 to the front of their California tax returns to obtain credit for the amount withheld. Nonresident entertainers retain copy C for the nonresident entertainer's records.
- Retain Copy D for the withholding agent's records.

33. What forms do withholding agents use to report and remit withholding when the withholding agents have not received Form 594, Notice to Withhold Tax at Source, from the Franchise Tax Board?

If withholding agents do not receive Form 594, they must use Form 592-A, Nonresident Withholding Remittance Statement, to remit the tax withheld.

At the end of the calendar year, withholding agents use Form 592, Nonresident Withholding Annual Return, to report the total amount of tax withheld and remitted with Form 592-A during the year.

Note: Form 592 is not used to report tax withheld and remitted with Form 594. There is no year-end reporting requirement for tax withheld and remitted with Form 594.

Form 592-B, Nonresident Withholding Tax Statement, is used to report the payment amount subject to withholding and the amount withheld for the year. Complete Form 592-B for each nonresident entertainer withheld on, and:

- Attach Copy A of each Form 592-B to Form 592 and send to FTB by January 31 of the year following the year of the withholding.
- Send Copies B and C of Form 592-B to the nonresident entertainers by January 31 of the year following the year of withholding. Nonresident entertainers attach Copy B of Form 592-B to the front of their California tax returns to obtain credit for the amount withheld. Nonresident entertainers should retain copy C for the nonresident entertainer's records.
- Retain Copy D for the withholding agent's records.

Please refer to the instructions for Forms 592, 592-A and 592-B at the back of this booklet for more information.

34. When are withholding amounts due to the Franchise Tax Board?

- Form 594, Notice to Withhold Tax at Source
When the withholding agent receives Form 594, withholding is due by the 20th day of the month following the month the performance closed.
- Form 592-A, Nonresident Withholding Remittance Statement

If Form 594 is not received, the withholding agent should use Form 592-A to send the amounts withheld. Payments sent with Form 592-A are due by the 20th day of the month following the month during which the combined total amounts withheld from all nonresident entertainers and not previously remitted exceed \$2,500.

For example, if the combined total withholding for three nonresident entertainers exceeds \$2,500 during March, the amounts withheld are due by April 20.

Any amounts withheld and not previously remitted because the combined total did not exceed \$2,500 are due by January 31 of the following year. See the instructions for Forms 592, 592-A and 592-B for more information.

35. Where should withholding agents send the amounts withheld?

The withholding agent should send payments with Form 594, Notice to Withhold Tax at Source, or Form 592-A, Nonresident Withholding Remittance Statement, to:

FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO, CA 94267-0001

Do not send amounts withheld to the Nonresident Withholding Section.

Withholding Agent Liability and Penalties

36. What is the withholding agent's liability for failure to remit withholding?

A withholding agent who fails to withhold, or fails to remit withholding to FTB, is liable for the greater of:

- the amount actually withheld; or
- the amount of taxes due from the nonresident entertainer, but not more than the amount required to be withheld.

In addition, the withholding agent is liable for penalties and interest as if the withholding due to FTB were the withholding agent's tax liability.

37. What additional penalties could the withholding agent become liable for?

The additional penalties could include:

- underpayment penalty — 5% plus .5% (maximum of 25%) per month from the date the payment is due
- late filing penalty — 5% per month (maximum of 25%) from the date the return was due to the date the return was filed

- accuracy related penalty — 20%
- demand penalty — 25%

See California Revenue and Taxation Code Sections 18668, 19132, 19101, 19164 and 19709 for further information.

38. May penalties resulting from failure to withhold be withdrawn?

Yes. If the withholding agent shows that the failure to withhold was due to reasonable cause, the penalties will be withdrawn.

39. What is "reasonable cause"?

"Reasonable cause" is a standard exception to the imposition of most penalties imposed under the California Revenue and Taxation Code and the Internal Revenue Code. Generally, reasonable cause exists where the failure to comply occurs despite the exercise of ordinary business care and prudence. The same standards of reasonable cause apply to penalties imposed in the nonresident withholding area as currently apply in other areas, such as penalties imposed for failure to file income tax returns.

40. Is interest charged on late payments of withholding?

Yes. The law requires the assessment of interest on late payments of withholding. Interest is computed from the due date of the withholding payment to the date paid. The imposition of interest is not a penalty, but is compensation to the state for the loss of the use of funds.

Partnerships and Limited Liability Companies That Are Withheld Upon

41. When a partnership or Limited Liability Company (LLC) is withheld upon, how does it transfer its withholding credit to its partners or members?

When a partnership or LLC is withheld upon, it receives a withholding document (Form 592-B, Nonresident Withholding Tax Statement, or Form 594, Notice to Withhold Tax at Source) from the withholding agent showing how much was withheld. To allocate the amount withheld to its partners or members, it must:

- Complete Form 592, Nonresident Withholding Annual Return, Section A (Side 1), Part IV, for tax withheld from domestic nonresident partners or members.
- Complete Form 592, Section B (Side 2), Part III for tax withheld from foreign partners or members.

As evidence of the total amount of withholding, attach the withholding document(s), which the partnership or LLC received for the year, to the Form 592. Then, complete Form 592-B for each partner or member showing each partner's or member's share of the withholding. The tax withheld must be allocated to all partners or members, whether residents or nonresidents of California, based on the partner's or member's interest in the partnership or LLC.

For more guidance on these procedures, contact the Nonresident Withholding Section at (916) 845-4900 or (916) 845-6262.

42. May limited partnerships and Limited Liability Companies (LLCs) apply the withholding to their minimum tax liability?

Yes. Limited partnerships and LLCs that have been withheld upon may use the withholding credits to offset their minimum tax liability. If the limited partnerships and LLCs choose to offset their minimum tax liability, only the excess withholding credits are allocated to their partners or members.

43. May a partnership or Limited Liability Company (LLC) that is withheld upon claim a refund for the tax withheld on the partnership or LLC?

No. Refunds of withholding credits are not allowed to partnerships or LLCs. Although limited partnerships and LLCs may use the withholding to offset the minimum tax, any excess withholding must be allocated to the partners or members. General partnerships must allocate the entire amount to its partners. Form 565, Partnership Return of Income, is an information return. A partnership has no tax liability, except for the minimum tax paid by a limited partnership. The income or loss reported on Form 565 flows through to the partners and is reported on their tax returns. The withholding must follow the income and flow through to the partners. The partners will then claim the withholding credit against their individual tax liabilities.

Requirement to File A California Return

44. How can nonresident entertainers determine if they have a requirement to file California income tax returns?

In most cases, nonresident entertainers who receive California source income will have a California filing requirement. For more information on the California filing requirements, or to order tax forms, call the numbers listed below:

From within the United States,
call (800) 852-5711

From outside the United States,
call (916) 845-6500

For hearing impaired with TDD,
call (800) 822-6268

45. Does withholding relieve a nonresident entertainer from the requirement to file a California tax return?

No. The nonresident entertainer must file a California tax return if the nonresident entertainer meets the filing requirements.

46. Does a waiver from withholding relieve a nonresident entertainer from the requirement to file a California tax return?

No. A nonresident entertainer must file a California tax return if the nonresident entertainer meets the filing requirements even if a waiver was granted or the nonresident entertainer was exempted from withholding.

47. How can withholding agents and nonresident entertainers obtain tax forms?

Withholding agents and nonresident entertainers can obtain tax forms by:

- Telephone

Call the numbers listed in Question 44, or call FTB's Nonresident Withholding Section.

(916) 845-4900 — General withholding information

(916) 845-6262 — Entertainment program

Please see the inside cover page for information about our general information telephone number.

- Mail

Order the forms by mail. Requests should include the requester's name and address, Form numbers, the titles of the forms requested and the quantity needed. Mail requests to:

TAX FORMS REQUEST UNIT
FRANCHISE TAX BOARD
PO BOX 307
RANCHO CORDOVA CA 95741-0307
Please allow two weeks for delivery.

- Internet

Access our forms and publications on the Internet at <http://www.ftb.ca.gov>.

- FAX

Nonresident withholding forms can also be obtained by calling the FTB's Forms-By-FAX number:

(800) 998-FORM or (800) 998-3676

The Forms-By-FAX number is available 24 hours a day.

Note: Form 594, Notice to Withhold Tax at Source, and Form 595, Notice to Withholding Agent, are not available through these methods as they are issued by the FTB for specific performances.

Additional Information

For additional information or assistance, contact the Franchise Tax Board:

- By telephone

Entertainment Program — (916) 845-6262

General withholding information — (916) 845-4900

Please see the inside cover page for information about our general withholding information telephone number.

- By FAX — (916) 845-4831

- Via the Internet — <http://www.ftb.ca.gov>

- By mail

NONRESIDENT WITHHOLDING SECTION,
MS F-265
FRANCHISE TAX BOARD
PO BOX 651
SACRAMENTO CA 95812-0651

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YEAR

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Withholding Exemption Certificate

(For use by individuals, corporations, partnerships, limited liability companies, estates, trusts, insurance companies, qualified pension/profit sharing plans and tax-exempt entities)

CALIFORNIA FORM

590

File this form with your withholding agent.

(Please type or print)

Vendor/Payee's name

Withholding agent's name

Vendor/Payee's ☐ Social security number
☐ California corp. no. ☐ FEIN**Note:** Failure to furnish your identification number will void this certificate.

Vendor/Payee's address (number and street)

Vendor/Payee's daytime telephone number

City

State

ZIP Code

I certify that; for the reasons checked below, the entity or individual named on this form is exempt from the California income tax withholding requirement on payment made to the entity or individual. Read the following carefully and check the box that applies to the vendor/payee:

☐ **Individuals — Certification of Residency:**

I am a resident of California and I reside at the address shown above. If I become a nonresident at any time, I will promptly inform the withholding agent. See Side 2, General Information D, for the definition of a resident.

☐ **Corporations:**

The above-named corporation has a permanent place of business in California at the address shown above or is qualified to do business in California. The corporation will withhold on payments of California source income to nonresidents when required. If this corporation ceases to have a permanent place of business in California or ceases to be qualified to do business in California, I will promptly inform the withholding agent. See Side 2, General Information E, for the definition of permanent place of business.

☐ **Partnerships:**

The above-named partnership has a permanent place of business in California at the address shown above and is subject to the laws of California. The partnership will file a California return and will withhold on foreign and domestic nonresident partners when required. If the partnership ceases to do any of the above, I will promptly inform the withholding agent.

☐ **Limited Liability Companies (LLC):**

The above-named LLC has a permanent place of business in California at the address shown above or is registered with the California Secretary of State, and is subject to the laws of California. The LLC will file a California return and will withhold on foreign and domestic nonresident members when required. If the LLC ceases to do any of the above, I will promptly inform the withholding agent.

☐ **Tax-Exempt Entities:**

The above-named entity is exempt from tax under California or federal law. The tax-exempt entity will withhold on payments of California source income to nonresidents when required. If this entity ceases to be exempt from tax, I will promptly inform the withholding agent.

☐ **Insurance Companies or Qualified Pension/Profit Sharing Plans:**

The above-named entity is an insurance company or a federally qualified pension or profit-sharing plan.

☐ **Irrevocable Trusts:**

At least one trustee of the above-named irrevocable trust is a California resident. The trust will file a California fiduciary return and will withhold on foreign and domestic nonresident beneficiaries when required. If the trustee becomes a nonresident at any time, I will promptly inform the withholding agent.

☐ **Estates — Certification of Residency of Deceased Person:**

I am the executor of the above-named person's estate. The decedent was a California resident at the time of death. The estate will file a California fiduciary return and will withhold on foreign and domestic nonresident beneficiaries when required.

CERTIFICATE: Please complete and sign below.

Under penalties of perjury, I hereby certify that the information provided herein is, to the best of my knowledge, true and correct. If conditions change, I will promptly inform the withholding agent.

Vendor/Payee's name and title (type or print) _____

Vendor/Payee's signature _____ Date _____

Instructions for Form 590

Withholding Exemption Certificate

References in these instructions are to the California Revenue and Taxation Code (R&TC).

General Information

A Purpose

Use Form 590 to obtain an exemption from withholding. Complete and present Form 590 to the withholding agent. The withholding agent will then be relieved of the withholding requirements if the agent relies in good faith on a completed and signed Form 590.

Do not use Form 590:

- If you are a seller of California real estate. Sellers of California real estate should use Form 590-RE, Withholding Exemption Certificate for Real Estate Sales; or
- To obtain a waiver from wage withholding administered by the Employment Development Department (EDD) under the Unemployment Insurance Code.

B Law

The R&TC Section 18662 and the related regulations require withholding of income or franchise tax on payments of California source income made to nonresidents of this state.

Withholding is required on:

- Payments to nonresidents for services rendered in California;
- Distributions of California source income made to domestic nonresident partners and members and allocations of California source income made to foreign partners and members;
- Payments to nonresidents for rents if the payments are made in the course of the withholding agent's business;
- Payments to nonresidents for royalties for the right to use natural resources located in California;
- Distributions of California source income to nonresident beneficiaries from an estate or trust; and
- Prizes and winnings received by nonresidents for contests in California.

For more information on withholding and waiver requests, get FTB Pub. 1017, Nonresident Withholding – Partnership Guidelines, and FTB Pub. 1023, Nonresident Withholding – Independent Contractor, Rent and Royalty Guidelines. To get a withholding publication see General Information G.

C Who can Execute This Form

Form 590 can be executed by:

- Residents of California;
- Corporations that are qualified to do business in California or have a permanent place of business in California;
- Partnerships that have a permanent place of business in California. (For withholding purposes, a Limited Liability Partnership is treated like any other partnership.);
- Limited Liability Companies (LLCs) that have a permanent place of business in California or are registered with the California Secretary of State;
- Organizations that are exempt from tax under either California or federal law;
- Insurance companies or federally qualified pension/profit sharing plans; or

- California trusts. For withholding purposes, an irrevocable trust is considered a California trust if at least one trustee is a California resident. Irrevocable trusts are required to withhold on distributions of California source income to their nonresident beneficiaries.

Note: The grantor of a revocable/grantor trust shall be treated as the vendor/payee for withholding purposes. Therefore, if the vendor/payee is a revocable/grantor trust and one or more of the grantors is a nonresident, withholding is required. If all of the grantors of a revocable/grantor trust are residents, no withholding is required. Resident grantors can check the box on Side 1 labeled "Individuals — Certification of Residency."

- California estates. For withholding purposes, an estate is considered a California estate if the decedent was a California resident at the time of death. Distributions of California source income to nonresident estates are subject to withholding.

D Who is a Resident

A California resident is any individual who is in California for other than a temporary or transitory purpose or any individual domiciled in California who is absent for a temporary or transitory purpose.

An individual domiciled in California who is absent from California for an uninterrupted period of at least 546 consecutive days under an employment-related contract is considered outside California for other than a temporary or transitory purpose. This does not apply if an individual has income from stocks, bonds, notes or other intangible personal property in excess of \$200,000 in any taxable year in which the employment-related contract is in effect.

A spouse who is absent from California for an uninterrupted period of at least 546 days to accompany a spouse who is under an employment-related contract is considered outside of California for other than a temporary or transitory purpose.

Generally, an individual who comes to California for a purpose which will extend over a long or indefinite period will be considered a resident. However, an individual who comes to perform a particular contract of short duration will be considered a nonresident. For assistance in determining resident status, get FTB Pub. 1031, Guidelines for Determining Resident Status, or call the Franchise Tax Board (FTB), Taxpayer Services Center at the numbers listed in General Information G.

E What is a Permanent Place of Business

A corporation has a permanent place of business in California if it is organized and existing under the laws of California or if it is a foreign corporation qualified to transact intrastate business by the California Secretary of State's Office. A corporation that has not qualified to transact intrastate business (e.g., a corporation engaged exclusively in interstate commerce) will be considered as having a permanent place of business in California only if it maintains a permanent office in California that is permanently staffed by its employees.

F Withholding Agent

Keep Form 590 for your records. Do not send this form to the FTB unless it has been specifically requested by the FTB. If the withholding agent has received Form 594, Notice to Withhold Tax at Source, and the vendor/payee completes Form 590 indicating that he or she is not subject to withholding, send a copy of Form 590 with Form 594 to the FTB. For more information, contact the Nonresident Withholding Section. See General Information G.

The vendor/payee must notify the withholding agent if:

- The individual vendor/payee becomes a nonresident;
- The corporation ceases to have a permanent place of business in California or ceases to be qualified to do business in California;
- The partnership ceases to have a permanent place of business in California;
- The LLC ceases to have a permanent place of business in California; or
- The tax-exempt entity loses its tax-exempt status.

The withholding agent must then withhold the tax at source, remit the withholding using Form 592-A, Nonresident Withholding Remittance Statement, and complete Form 592, Nonresident Withholding Annual Return and Form 592-B, Nonresident Withholding Tax Statement. Get Instructions for Forms 592, 592-A and 592-B for due dates and other withholding information.

G Where to get Publications, Forms and Additional Information

FTB Publications 1017, 1023 and 1024 and nonresident withholding forms are available on the FTB website at <http://www.ftb.ca.gov> on the Internet.

Once you access our website, select Tax Forms from the menu, then select the form number you need. For publications, select Miscellaneous California Forms, Instructions and Publications.

You may also get nonresident withholding forms via Forms-by-Fax by calling (800) 998-3676. To order publications or forms or to get additional nonresident withholding information, please contact the Nonresident Withholding Section at the address or automated telephone number below:

NONRESIDENT WITHHOLDING SECTION
FRANCHISE TAX BOARD
PO BOX 651
SACRAMENTO CA 95812-0651

Telephone: (916) 845-4900
FAX: (916) 845-4831

For information, forms and publications not related to nonresident withholding access the FTB website at the address above or call the FTB Taxpayer Services Center at:

From within the United States	(800) 852-5711
From outside the United States	(916) 845-6500
For hearing impaired with TDD	(800) 822-6268

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Nonresident Withholding Annual Return

592

If you withheld on foreign (non-U.S.) partners, use Section B (on Side 2) of this form. If you withheld on both foreign partners and other payees, file a separate Form 592 for the foreign partners.

Social security number of withholding agent

Section A: Independent contractors; rents and royalties; estates; trusts; domestic nonresident partner/members; and other entities.

☐ California corporation no. ☐ FEIN

Check one box: ☐ Form 592-B attached for each recipient. ☐ Form 592-B information on attached list.

☐ Form 592-B information on enclosed magnetic media. See separate instructions for Forms 592, 592-A and 592-B.

Daytime telephone number

Part I Withholding Agent (Payer)

Name of withholding agent (payer)

Contact person

Address (number and street)

City

State

ZIP Code (or equivalent)

Part II Type of Income Subject to Withholding

☐ Payment to Independent Contractor ☐ Rents or Royalties ☐ Estate Distributions ☐ Trust Distributions

☐ Distributions to Domestic Nonresident Partners/Members (see Section B for withholding on foreign partners/members) ☐ Other _____

- 1 Enter number of Forms 592-B for the type of income checked above 1 _____
- 2 Total amount of California source income subject to withholding 2 _____
- 3 Total withholding due 3 _____
- 4 Prior payments for the above calendar year

(a) Date	(b) Amount	(c) Date	(d) Amount	(e) Date	(f) Amount
Total Column (b)		Total Column (d)		Total Column (f)	

Total payments for the above calendar year. Add the totals from column (b), column (d) and column (f) and enter the sum here . . . 4 _____

Part III Remittance

5 **Balance due.** Subtract line 4 from line 3 and enter the balance due. If less than zero, enter

-0-. Attach a check or money order for the full amount payable to "Franchise Tax Board."

Write the payer's social security number, California corporation number, or FEIN

and "Form 592" on the check or money order. 5

Mail Form 592 to the **FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0001.**

Part IV Tax Withheld by Another Entity on Partnership, Limited Liability Company (LLC), Estate or Trust Shown in Part I of This Form

- 6 Enter number of additional Forms 592-B attached, flowing through the credit. The credit must be allocated to all partners, members or beneficiaries whether residents or nonresidents of California, according to their interests in the above partnership, LLC, estate or trust . . . 6 _____
- 7 Enter amount withheld by another entity and being allocated to the partners, members or beneficiaries. This credit must be documented by a Form 592-B from the withholding entity. (If this is an estate or trust, do not include any credit being used on Form 541 against tax owed on income retained by the estate or trust.) 7 _____

Part V Perjury Statement

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than withholding agent) is based on all information of which preparer has any knowledge.

Name and title of withholding agent (payer)

Signature of withholding agent (payer)

Date

Name and title of preparer other than withholding agent (payer)

Signature of preparer other than withholding agent (payer)

Address of preparer

()

Daytime telephone number of preparer

SSN/FEIN of preparer

Section B:

Foreign partners and members for taxable year beginning month _____ day _____ year _____, and ending month _____ day _____ year _____.

Check one box: ☐ Form 592-B attached for each recipient. ☐ Form 592-B information on attached list. ☐ Form 592-B information on enclosed magnetic media. See separate instructions for Forms 592, 592-A and 592-B.

Part I Withholding Agent (Partnership or Limited Liability Company (LLC))

Name of withholding agent (partnership or LLC)

Contact person

FEIN of withholding agent

Address (number and street)

City

State

ZIP Code (or equivalent)

Daytime telephone number





()

Part II Tax Withheld — Foreign Nonresident Partners or Members

- 1 Are all partners or members foreign (non-U.S.) nonresidents? 1 ☐ Yes ☐ No
- 2 Enter number of Forms 592-B for foreign partners or members 2 _____
- 3 Total California source taxable income allocable to:
 - a Noncorporate foreign nonresident partners or members \$ _____ x _____ % 3a _____
 - b Corporate foreign nonresident partners or members \$ _____ x _____ % 3b _____
 - c Foreign banks and financial institution partners or members \$ _____ x _____ % 3c _____
- 4 Total foreign partners' or members' withholding due. Add line 3a through line 3c 4 _____
- 5 Prior payments of foreign partners' or members' withholding for the taxable year shown above

(a) Date	(b) Amount	(c) Date	(d) Amount	(e) Date	(f) Amount
Total		Total		Total	
Column (b)		Column (d)		Column (f)	

Total payments for the taxable year. Add the totals from column (b), column (d) and column (f) and enter the result here

- 5 5 _____
- 6 Amount credited from prior year's withholding 6 _____
- 7 Total payments. Add line 5 and line 6 7 _____
- 8 **Balance due.** Subtract line 7 from line 4 and enter the result here. If this amount is less than zero, enter -0-. Attach a check or money order for the full amount payable to "Franchise Tax Board." Write the partnership's or LLC's FEIN and "Form 592" on the check or money order 8 
- Mail Form 592 to the **FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0001.**
- 9 **Overpayment.** If line 7 is more than line 4, subtract line 4 from line 7 and enter the result here 9 
- 10 Enter the amount of line 9 you want credited to next year's Form 592 10 
- 11 **Refund.** Subtract line 10 from line 9 and enter the result here. 11 

Part III Tax Withheld by Another Entity on Above Partnership or LLC

- 12 Enter number of additional Forms 592-B attached, flowing through the credit. The credit must be allocated to all partners or members, whether residents or nonresidents of California, according to their interests in the above partnership or LLC 12 _____
- 13 Enter amount withheld by another entity and being allocated to the partners or members. This credit must be documented by a Form 592-B from the withholding entity. If any of the withholding credit is retained to offset tax at the partnership or LLC level, show only the net flow through amount. 13 _____

Part IV Perjury Statement

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than withholding agent) is based on all information of which preparer has any knowledge.

Name and title of withholding agent, partner of partnership or member of LLC

Signature

Date

Name and title of preparer other than withholding agent, partner or member

Signature

Date

Address of preparer (if different from the address shown above)

()

Daytime telephone number

SSN/FEIN of preparer

19

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Nonresident Withholding Remittance Statement

592-A

To be filed by the withholding agent. See separate instructions for Forms 592, 592-A and 592-B.

Withholding agent										Preparer (if other than withholding agent)									
Social security number										Social security number									
<input type="checkbox"/> California corporation number or <input type="checkbox"/> FEIN										<input type="checkbox"/> California corporation number or <input type="checkbox"/> FEIN									
Name										Name of preparer									
Address (number and street)										Address (number and street)									
City				State			ZIP Code			City				State			ZIP Code		
Contact person					Daytime telephone number ()					Contact person					Daytime telephone number ()				
Principal Business Activity Code																			

1	Amount of independent contractor withholding	1	
2	Amount of rent or royalty withholding	2	
3	Amount of estate withholding.	3	
4	Amount of trust withholding.	4	
5	Amount of foreign partner or member withholding. For taxable year beginning <u> </u> / <u> </u> / <u> </u> , and ending <u> </u> / <u> </u> / <u> </u>	5	
	MONTH DAY YEAR MONTH DAY YEAR		
6	Amount of domestic (nonforeign) nonresident partner or member withholding. See instructions	6	
7	Amount of other withholding _____ (describe)	7	
8	Amount of interest due	8	
9	Total amount of this payment. Add line 1 through line 8	9	

Installment payment worksheet for Revenue & Taxation Code (R&TC) Section 18666
tax for a foreign partner or member

Complete only if the partnership or limited liability company (LLC) has foreign partners or members.

Caution: Complete column (a) before going to the next column.

Caution: Complete column (a) before going to the next column.					
	(a) 1st Installment	(b) 2nd Installment	(c) 3rd Installment	(d) 4th Installment	
1 Enter the partnership's or LLC's California source taxable income for each period		First 3 months	First 6 months	First 9 months	
2 Annualization amounts		4	2	1.33333	
3 Multiply line 1 by line 2.					
		First 3 months	First 5 months	First 8 months	First 11 months
4 Enter the partnership's or LLC's California source taxable income for each period	4				
5 Annualization amounts	5	4	2.4	1.5	1.09091
6 Multiply line 4 by line 5.	6				
7 Annualized California source taxable income. In column (a), enter the amount from line 6, column (a). In columns (b), (c) and (d) enter the smaller of the amounts in each column from line 3 or line 6.	7				
8 Foreign partner's or member's annualized California source taxable income. Enter the foreign partner's or member's share of line 7	8				
9 Multiply line 8 by maximum tax rate.	9				
10 Applicable percentage.	10	23.75%	47.5%	71.25%	95%
11 Multiply line 9 by the percentage on line 10	11				
12 Add the amounts in all preceding columns of line 13 (except column (a))	12				
13 Installment payments of withholding tax due for foreign partner or member. Subtract line 12 from line 11. If less than zero, enter -0-	13				

Mail Form 592-A to the **FRANCHISE TAX BOARD**, PO BOX 942867, SACRAMENTO CA 94267-0001

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YEAR

CALIFORNIA FORM

19

Nonresident Withholding Tax Statement

592-B

Attach to Form 592 for each recipient. See the separate instructions for Forms 592, 592-A and 592-B.

Copy A
FOR FRANCHISE TAX BOARD

Part I Recipient

Recipient's name, address (number and street), city, province or state, postal code, and country

☐ Social security no., ☐ California corporation no. or ☐ FEIN

Part II Withholding agent (Payer/Partnership/Limited Liability Company)

Withholding agent's (payer's/partnership's/limited liability company's) name, address (number and street), city, state, and ZIP Code

Daytime telephone number

()

☐ Social security no., ☐ California corporation no. or ☐ FEIN

Part III Preparer (if other than withholding agent)

Preparer's name, address (number and street), city, state, and ZIP Code

Daytime telephone number

()

☐ Social security no., ☐ California corporation no. or ☐ FEIN

Part IV Type of income subject to withholding. Check the applicable box(es).

☐ Payment to Independent Contractor ☐ Rents or Royalties ☐ Estate Distributions ☐ Trust Distributions ☐ Allocations to Foreign (non-U.S.) Nonresident Partner/Member ☐ Distributions to Domestic (Nonforeign) Nonresident Partner/Member ☐ Other (describe)

Part V Tax Withheld

1 Total amount subject to withholding

1

2 Total California tax withheld

2

For Privacy Act Notice, see form FTB 1131 (Individuals only).

592B98103

Form 592-B (REV. 1998) **Side 1**

YEAR

CALIFORNIA FORM

19

Nonresident Withholding Tax Statement

592-B

Copy B
FILE WITH YOUR STATE RETURN

Part I Recipient

Recipient's name, address (number and street), city, province or state, postal code, and country

☐ Social security no., ☐ California corporation no. or ☐ FEIN

Part II Withholding agent (Payer/Partnership/Limited Liability Company)

Withholding agent's (payer's/partnership's/limited liability company's) name, address (number and street), city, state, and ZIP Code

Daytime telephone number

()

☐ Social security no., ☐ California corporation no. or ☐ FEIN

Part III Preparer (if other than withholding agent)

Preparer's name, address (number and street), city, state, and ZIP Code

Daytime telephone number

()

☐ Social security no., ☐ California corporation no. or ☐ FEIN

Part IV Type of income subject to withholding. Check the applicable box(es).

☐ Payment to Independent Contractor ☐ Rents or Royalties ☐ Estate Distributions ☐ Trust Distributions ☐ Allocations to Foreign (non-U.S.) Nonresident Partner/Member ☐ Distributions to Domestic (Nonforeign) Nonresident Partner/Member ☐ Other (describe)

Part V Tax Withheld

1 Total amount subject to withholding

1

2 Total California tax withheld

2

For Privacy Act Notice, see form FTB 1131 (Individuals only).

592B98103

Form 592-B (REV. 1998) **Side 1**

RECIPIENT:**IMPORTANT — PLEASE READ**

The withholding of tax does not relieve you of the requirement to file a California tax return within three months and fifteen days (for individuals and fiduciaries) or two months and fifteen days (for corporations) after the close of your taxable or income year. If you cannot file the return by the due date, an automatic extension to file is granted (six months for individuals and fiduciaries and seven months for corporations). However, you must pay 100% of your tax liability by the original due date.

To determine if you must file a tax return, refer to the instructions for your tax return: individuals see Form 540, California Resident Income Tax Return, and Form 540NR, California Nonresident or Part-Year Resident Income Tax Return; corporations see Form 100, California Corporation Franchise or Income Tax Return, Form 100S, California S Corporation Franchise or Income Tax Return; and fiduciaries see Form 541, California Fiduciary Income Tax Return. You may order California tax forms by accessing our website at: <http://www.ftb.ca.gov> on the Internet, or by writing to: TAX FORMS REQUEST UNIT, FRANCHISE TAX BOARD, PO BOX 307, RANCHO CORDOVA CA 95741-0307.

Even if you are not required by the law to file a return, you should file a return if California tax has been withheld. For more information, call (800) 852-5711 from within the United States, or (916) 845-6500 from outside the United States.

You may be assessed a penalty if you file your return late, if the amount withheld is not enough to satisfy your tax liability or if you fail to file a return and your California income exceeds the amounts prescribed by law for filing a return.

When filing your California tax return, attach Copy B of this form to the face of your return as you would a federal Form W-2. If you are an individual or a fiduciary, enter the amount from Part V, line 2 of this form on the "California income tax withheld" line of your return. If you are a corporation, enter the amount on the "Estimated tax payments" line of your return.

Keep Copy C for your records.

WITHHOLDING AGENT:

You are required to file Copy A of this form together with Form 592, Nonresident Withholding Annual Return, with the Franchise Tax Board. See the instructions for Forms 592, 592-A and 592-B for time and place for filing returns of tax withheld at source.

Direct correspondence to: NONRESIDENT WITHHOLDING SECTION, FRANCHISE TAX BOARD, PO BOX 651, SACRAMENTO CA 95812-0651, or telephone: (916) 845-4900.

File **Copy A** with Form 592, Nonresident Withholding Annual Return.

Copies B and C are for the recipient.

Copy D is for the withholding agent's records.

Side 2 Form 592-B (REV. 1998)

YEAR

CALIFORNIA FORM

19

Nonresident Withholding Tax Statement

592-B

Copy C

FOR RECIPIENT'S RECORD

Part I Recipient

Recipient's name, address (number and street), city, province or state, postal code, and country

☐ Social security no., ☐ California corporation no. or ☐ FEIN

Part II Withholding agent (Payer/Partnership/Limited Liability Company)

Withholding agent's (payer's/partnership's/limited liability company's) name, address (number and street), city, state, and ZIP Code

Daytime telephone number

()

☐ Social security no., ☐ California corporation no. or ☐ FEIN

Part III Preparer (if other than withholding agent)

Preparer's name, address (number and street), city, state, and ZIP Code

Daytime telephone number

()

☐ Social security no., ☐ California corporation no. or ☐ FEIN

Part IV Type of income subject to withholding. Check the applicable box(es).

☐ Payment to Independent Contractor
 ☐ Rents or Royalties
 ☐ Estate Distributions
 ☐ Trust Distributions
 ☐ Allocations to Foreign (non-U.S.) Nonresident Partner/Member
 ☐ Distributions to Domestic (Nonforeign) Nonresident Partner/Member
 ☐ Other _____ (describe)

Part V Tax Withheld

1 Total amount subject to withholding

1

2 Total California tax withheld

2

For Privacy Act Notice, see form FTB 1131 (Individuals only).

592B98103

Form 592-B (REV. 1998) Side 1

YEAR

CALIFORNIA FORM

19

Nonresident Withholding Tax Statement

592-B

Copy D

FOR WITHHOLDING AGENT

Part I Recipient

Recipient's name, address (number and street), city, province or state, postal code, and country

☐ Social security no., ☐ California corporation no. or ☐ FEIN

Part II Withholding agent (Payer/Partnership/Limited Liability Company)

Withholding agent's (payer's/partnership's/limited liability company's) name, address (number and street), city, state, and ZIP Code

Daytime telephone number

()

☐ Social security no., ☐ California corporation no. or ☐ FEIN

Part III Preparer (if other than withholding agent)

Preparer's name, address (number and street), city, state, and ZIP Code

Daytime telephone number

()

☐ Social security no., ☐ California corporation no. or ☐ FEIN

Part IV Type of income subject to withholding. Check the applicable box(es).

☐ Payment to Independent Contractor
 ☐ Rents or Royalties
 ☐ Estate Distributions
 ☐ Trust Distributions
 ☐ Allocations to Foreign (non-U.S.) Nonresident Partner/Member
 ☐ Distributions to Domestic (Nonforeign) Nonresident Partner/Member
 ☐ Other _____ (describe)

Part V Tax Withheld

1 Total amount subject to withholding

1

2 Total California tax withheld

2

For Privacy Act Notice, see form FTB 1131 (Individuals only).

592B98103

Form 592-B (REV. 1998) Side 1

RECIPIENT:**IMPORTANT — PLEASE READ**

The withholding of tax does not relieve you of the requirement to file a California tax return within three months and fifteen days (for individuals and fiduciaries) or two months and fifteen days (for corporations) after the close of your taxable or income year. If you cannot file the return by the due date, an automatic extension to file is granted (six months for individuals and fiduciaries and seven months for corporations). However, you must pay 100% of your tax liability by the original due date.

To determine if you must file a tax return, refer to the instructions for your tax return: individuals see Form 540, California Resident Income Tax Return, and Form 540NR, California Nonresident or Part-Year Resident Income Tax Return; corporations see Form 100, California Corporation Franchise or Income Tax Return, Form 100S, California S Corporation Franchise or Income Tax Return; and fiduciaries see Form 541, California Fiduciary Income Tax Return. You may order California tax forms by accessing our website at: <http://www.ftb.ca.gov> on the Internet, or by writing to: TAX FORMS REQUEST UNIT, FRANCHISE TAX BOARD, PO BOX 307, RANCHO CORDOVA CA 95741-0307.

Even if you are not required by the law to file a return, you should file a return if California tax has been withheld. For more information, call (800) 852-5711 from within the United States, or (916) 845-6500 from outside the United States.

You may be assessed a penalty if you file your return late, if the amount withheld is not enough to satisfy your tax liability or if you fail to file a return and your California income exceeds the amounts prescribed by law for filing a return.

When filing your California tax return, attach Copy B of this form to the face of your return as you would a federal Form W-2. If you are an individual or a fiduciary, enter the amount from Part V, line 2 of this form on the "California income tax withheld" line of your return. If you are a corporation, enter the amount on the "Estimated tax payments" line of your return.

Keep Copy C for your records.

WITHHOLDING AGENT:

You are required to file Copy A of this form together with Form 592, Nonresident Withholding Annual Return, with the Franchise Tax Board. See the instructions for Forms 592, 592-A and 592-B for time and place for filing returns of tax withheld at source.

Direct correspondence to: NONRESIDENT WITHHOLDING SECTION, FRANCHISE TAX BOARD, PO BOX 651, SACRAMENTO CA 95812-0651, or telephone: (916) 845-4900.

File **Copy A** with Form 592, Nonresident Withholding Annual Return.

Copies B and C are for the recipient.

Copy D is for the withholding agent's records.

Instructions for Forms 592, 592-A and 592-B

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 1998**, and to the California Revenue and Taxation Code (R&TC).

General Information

For California withholding purposes only, a reference in these instructions to:

- "Partnership" or "partner" refers to a "limited liability company (LLC)" or "member," respectively, if the LLC is treated like a partnership for tax purposes;
- "Nonresident" refers to individuals who are not residents of California, corporations not qualified through the California Secretary of State's (SOS) office to do business in California or having no permanent place of business in California, partnerships with no permanent place of business in California, grantor trusts with nonresident grantors, irrevocable trusts without at least one California resident trustee or estates where the decedent was not a California resident; and
- "Foreign" refers to non-U.S.

A Purpose

Form 592, Nonresident Withholding Annual

Return. Use this form to report the total withholding for the year under R&TC Sections 18662 and 18666.

Form 592 is also a transmittal form for Form(s) 592-B, Nonresident Withholding Tax Statement. See General Information J for special rules relating to withholding on foreign (non-U.S.) partners or members of a partnership or LLC.

Do not use Form 592 if:

- Withholding is for the sale of real estate. In that case, get Form 597, Nonresident Withholding Tax Statement for Real Estate Sales, to report and remit real estate withholding (However, partnerships, estates and trusts need to use the Form 592 series for withholding on distribution to nonresident partners or beneficiaries when the income was from the sale of California real estate.); or
- Form 594, Notice to Withhold Tax at Source, has been issued for a particular engagement. Complete Form 594 and return Copy A with payment of tax withheld to the Franchise Tax Board (FTB).

Form 592-A, Nonresident Withholding Remittance

Statement. Use this form to make payments to the FTB under R&TC Sections 18662 and 18666. Each payment made during the year must be accompanied by Form 592-A.

Form 592-B, Nonresident Withholding Tax State-

ment. Use this form to show the amount of income subject to withholding and tax withheld for nonresidents for the year.

File a separate Form 592-B for each nonresident. Copy A of Form 592-B must be attached to Form 592 and must be filed annually with the FTB.

Nonresident recipients: Attach Copy B of Form 592-B to your Form 540NR, California Nonresident or Part-Year Resident Income Tax Return, to claim credit for tax withheld. Enter the amount of tax withheld on the income tax withheld line of that return.

Any residents who were withheld upon would also receive Copy B of Form 592-B and should attach it to their Form 540, California Resident Income Tax Return, and enter the amount of tax withheld on the income tax withheld line of that return. A corporation must attach Copy B of Form 592-B to its Form 100, California Corporation Franchise or Income Tax Return, or Form 100S, California S Corporation Franchise or Income Tax Return, and enter the amount of tax withheld on the estimate payment line of that return. An estate or trust must attach Copy B of Form 592-B to its Form 541, California Fiduciary Income Tax Return if the income is not distributed to the beneficiaries.

Copy C is retained by the recipients for their records. Copy D is retained by the withholding agents for their records.

B Who Must File

Any individual or entity making payments or allocations of income to individuals who are nonresidents of California or to corporations or partnerships that do not have a permanent place of business in California, must withhold tax from such payments and remit the amount withheld to the FTB.

C Withholding Rates

R&TC Section 18662 and the related regulations require withholding on payments made to nonresidents for income received from California sources. The withholding rate is 7% unless a reduced rate is authorized by the FTB. Get Form 588, Nonresident Withholding Waiver Request, to request a reduced rate or waiver. For information on foreign (non-U.S.) partner withholding see General Information J.

D Income Subject to Withholding

Types of income subject to withholding include, but are not limited to:

- Compensation for services performed in California by nonresidents (including payment of expenses not separately stated). For more information, get FTB Pub. 1023, Nonresident Withholding – Independent Contractor, Rent and Royalty Guidelines, or FTB Pub. 1024, Nonresident Withholding – Entertainment Guidelines;
- Payments to nonresidents for rents or royalties on property (real or personal) located in California. For more information, get FTB Pub. 1023;
- Distributions of California source income to nonresident beneficiaries from an estate or trust;
- Prizes and winnings received by nonresidents for contests in California;
- Partnership income, gain or (loss) allocable under IRC Section 704 to a foreign (non-U.S.) nonresident partner (see General Information J);
- Distributions of California source income to a domestic (nonforeign) nonresident partner. For more information get FTB Pub. 1017, Nonresident Withholding – Partnership Guidelines; and
- Other payments of California source income made to nonresidents.

Compensation for services includes payments for services rendered in California, commissions paid to salesmen or agents for orders received or sales made in California, fees for professional services rendered in California, and payments to entertainers, wrestlers, boxers, etc., for performances in California.

When compensation is paid for services performed both within and outside of California, the portion paid for services performed in this state and subject to withholding should be determined by an allocation.

E Exceptions to Withholding

Withholding is not required when:

- The payment is for goods;
- The payment is being made to a resident of California or to a corporation, partnership or an LLC that has a permanent place of business in California. Form 590, Withholding Exemption Certificate, can be used by vendors/payees to certify that they are residents of California or have a permanent place of business in California. The signed form containing this certification should be retained by the withholding agent and be provided to the FTB upon request. Withholding agents will be relieved of the withholding requirements if they rely in good faith on

a signed Form 590 stating that the vendor/payee is a resident of California or has a permanent place of business in California.

Note: If the resident, corporation or partnership that has a permanent place of business in California is acting as an agent for the actual vendor/payee, this exception does not apply;

- The total payments of California source income to the vendor/payee by the withholding agent are \$1,500 or less for the calendar year (for foreign (non-U.S.) partners, see General Information J);
- The payments are for income from intangible personal property, such as interest and dividends unless derived in a California trade or business or the property has acquired a business situs in California;
- The payments are for services performed outside of California or for rents, royalties and leases on real estate located outside of California;
- The vendor/payee is a tax-exempt organization or qualified pension plan under either California or federal law;
- The payments are wages paid to employees. **Note:** Wage withholding is administered by the California Employment Development Department (EDD). For more information contact your local EDD office;
- The vendor/payee receives a written authorization from the FTB waiving the withholding;
- The domestic nonresident partner provides the partnership with a signed Form 590-P, Nonresident Withholding Exemption Certificate for Previously Reported Income of Partners and Members; or
- The income of nonresident partners, including a bank or corporation, is derived from qualified investment securities of an investment partnership.

F Waivers and Reduced Rates

The FTB will generally grant a waiver if:

- The vendor/payee has a history of filing California returns including the return most recently due;
- The vendor/payee is currently making estimated tax payments;
- Distributions are made by publicly traded partnerships; or
- Distributions are made to brokerage firms and tiered partnerships.

The FTB will generally grant a reduced withholding rate when the 7% withholding rate results in significant over-withholding.

Note: There is no provision in the law to allow waivers or reduced withholding to foreign (non-U.S.) partners.

Get Form 588 to request a waiver or a reduced rate of withholding.

If the distribution from a partnership is determined to be a return of capital or does not represent taxable income for the current or prior years, no withholding is required. Although a waiver is not required in these situations, the partnership may be liable for the withholding if, at audit, the FTB determines that the distribution represented taxable income.

G Interest and Penalties

The law provides for interest on late payments of withholding. Interest is computed from the due date of the withholding to the date paid.

Failure to withhold may result in the withholding agent being personally liable for the amount of tax that should have been withheld and for interest and penalties.

H When and Where to File

Form 592: For withholding on domestic nonresident partners, independent contractors, recipients of rents and royalties and beneficiaries of estates and trusts, file Form 592 on or before January 31 following the close of the calendar year.

Note: Withholding on distributions of California source income to domestic nonresident partners is reported on Form 592, Side 1. For withholding on foreign (non-U.S.) partners (foreign partner) see General Information J.

If a partnership has both foreign and domestic nonresident partners, a separate Form 592 must be filed for each type of partner. Include the total amount of withholding not previously remitted and Copy A of Form(s) 592-B or attach a list to Form 592 containing the information reported on Form 592-B. The withholding agent must still provide Copy B and Copy C of Form 592-B to each vendor/payee.

Form 592-A: File Form 592-A with the payment of withholding by the 20th day of the month following the month that the total amount withheld from all vendors/payees exceeds \$2,500. For withholding on foreign partners see General Information J.

Form 592-B: Copy B and Copy C of Form 592-B must be sent to the vendor/payee by the same time that Form 592 is due to the FTB.

Except for foreign partners, withholding of tax by withholding agents shall be on a calendar year basis, regardless of the accounting period adopted by the vendor/payee or withholding agent. For foreign partners, withholding of tax depends on the tax year of the partnership. See General Information J for information regarding withholding on foreign partners.

Send forms and payment of tax withheld at source to:

FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO CA 94267-0001

I Magnetic Media Filing

Withholding information may be submitted to the FTB via magnetic media. Withholding agents filing on magnetic media need not file year-end paper withholding documents with the FTB for individual vendors/payees. However, withholding agents must continue to provide vendors/payees with Form 592-B, showing their California income and withholding amounts for the year. For more information on magnetic media, get FTB Pub. 1023F, Nonresident Withholding – Magnetic Media Guidelines, or call (916) 845-3778.

J Foreign (Non-U.S.) Partner Withholding

R&TC Section 18666 requires withholding on income from California sources which is allocated to foreign partners. This section generally conforms to federal IRC Section 1446. California law relating to withholding on foreign partners follows federal law, and is therefore different from rules for withholding on domestic partners. The differences are:

- Foreign partner withholding is **based on allocations** of California source income rather than distributions.
- There is **no minimum** threshold before withholding is required.
- The foreign partner withholding rate is the **maximum California tax rate** applicable to the partner (corporations 8.84%, banks 10.84%, foreign partners that are not corporations or banks 9.3%).
- **Payments are due quarterly** to the FTB with Form 592-A, Nonresident Withholding Tax Statement, on the 15th day of the 4th, 6th, 9th and 12th months of the partnership's tax year. (Use the worksheet provided on Form 592-A to

figure installment payments of withholding for foreign partners.)

- Form 592, Nonresident Withholding Annual Return, is due on or before the 15th day of the 4th month following the close of the partnership's tax year. (If all the partners are foreign, Form 592 must be filed on or before the 15th day of the 6th month after the close of the partnership's tax year.)
- Excess withholding on foreign partners can be carried over to the following year.
- There are no provisions in the law to waive or reduce withholding on foreign partners.

See federal Revenue Procedure 89-31 for more information on foreign partner withholding.

K Where to get Publications, Forms and Additional Information

FTB Pub. 1023 and nonresident withholding forms are available on the FTB website at <http://www.ftb.ca.gov> on the Internet.

Once you access the FTB website, select Tax Forms from the menu, then select the tax year of the form you need. For nonresident withholding and other miscellaneous publications, select Miscellaneous California Forms, Instructions and Publications.

Nonresident withholding forms may also be obtained via Forms-by-Fax by calling (800) 998-3676. To order publications or forms or to get additional nonresident withholding information, please contact the Nonresident Withholding Section at the address or the automated telephone service number below:

NONRESIDENT WITHHOLDING SECTION
FRANCHISE TAX BOARD
PO BOX 651
SACRAMENTO CA 95812-0651
Telephone: (916) 845-4900
FAX Number: (916) 845-4831

For information, forms and publications not related to nonresident withholding, you may access the FTB website on the Internet at the address above or call the FTB General Toll-Free phone service at:

From within the United States	(800) 852-5711
From outside the United States	(916) 845-6500
For hearing impaired with TDD.	(800) 822-6268

Specific Instructions

For California Withholding purposes, a reference in these instructions to "foreign" partners, refers to "non-U.S." partners.

Form 592, Nonresident Withholding Annual Return

Complete and sign Form 592, Side 1, Section A if you are reporting withholding on independent contractors, recipients of rents and royalties, beneficiaries of domestic nonresident partnerships, or other entities. Complete and sign Form 592, Side 2, Section B if you are reporting withholding on foreign partners. Check the appropriate box at the top of the form to show how you are providing Form 592-B information.

If you withheld on both foreign partners and other nonresident payees, file a separate Form 592 for the foreign partners. See General Information J for the differences between foreign partner withholding and withholding on other nonresident payees.

Complete Form 592, Section A, Part II or Section B, Part II at the end of the year to determine the total amount of withholding for the year and any remaining balance due. Enter the amounts paid to the FTB during the tax year and the dates of the payments to help reconcile the year-end totals. To determine if a final payment for the year is required, subtract the

total payments made during the year from total withholding tax due and enter the balance. If the balance is zero, no additional payments are needed. If a balance is due, submit the additional withholding with Form 592.

To meet required payment dates and annual return filing dates for withholding, you may have to make reasonable estimates of income on which to base withholding. The FTB will not assess underpayment or late payment penalties if estimates are reasonable and based on the information available to the withholding agent at the time.

If a partnership, estate or trust is withheld upon by another entity, the credit must be allocated to all partners, members or beneficiaries, whether residents or nonresidents of California, according to their interests in the partnership, estate or trust.

If the other entity withheld because the partnership, estate or trust was a foreign partner, use Section B, Part III (on Side 2). Otherwise, use Section A, Part IV (on Side 1). Attach Form 592-B from the withholding entity to Form 592 to document the withholding credit. If any of the withholding credit is retained to offset tax at the partnership, estate or trust level, show only the net flow through amount in Section A, Part IV or Section B, Part III.

Form 592-A, Nonresident Withholding Remittance Statement

General withholding. Complete and mail Form 592-A to the FTB with payment each time tax withheld from all vendors/payees exceeds \$2,500. Enter the amount of tax withheld on the appropriate lines. Payment of tax withheld at the end of the year that is less than or equal to \$2,500 is submitted with Form 592.

Foreign nonresident partners. If a partnership has foreign partners, the partnership must make four installment payments of withholding during the taxable year. In general, the amount of a partnership's installment payment is equal to the sum of the installment payments for each of the partnership's foreign partners. For a foreign partner, an installment amount of the R&TC Section 18666 tax is correct if figured by applying the principles of IRC Section 6655(e)(2). To figure installment payments under this method, use the worksheet on Form 592-A. The worksheet provides for the annualization of the partnership income and is used throughout the year to compute each installment payment.

As an alternative to completing the worksheet, each installment payment during the tax year may be made in an amount equal to 25% of the withholding that would be payable on the partnership's California source taxable income allocable to foreign partners for the prior year if the following three conditions are met:

1. The prior tax year consisted of 12 months;
2. The partnership filed Form 565, Partnership Return of Income, (an LLC must file Form 568, Limited Liability Company Return of Income), for the prior year; and
3. The amount of California source taxable income for the prior year was not less than 50% of the California source taxable income for the current year.

Form 592-B — Nonresident Withholding Tax Statement

Complete Form 592-B at the end of the year and attach Copy A to Form 592. Send Copy B and Copy C to the recipient. Withholding agents should retain Copy D for their records.

The total amount of all withholding for all Form 592-B's should equal the total amount of withholding on Form 592.



STATE OF CALIFORNIA

FRANCHISE TAX BOARD

P.O. BOX 942867
SACRAMENTO, CA 94267-0001
TELEPHONE: (916) 845-6262
FAX: (916) 845-4831

Notice to Withhold Tax at Source

Copy A (for Franchise Tax Board)

TO BE COMPLETED BY WITHHOLDING AGENT

Total Amount Withheld \$

Gross Amount Paid (before withholding) \$

Tax Year Performance Date / /

Performing Entity (name and address):

(Social Security Number or FEIN)

Performing Entity's Agent (name, contact person, address and telephone number):

Withholding Agent

Signature Date

Print Name

Telephone Number () -

Date:

To Withholding Agent:

Performing Entity:

Performance Date / /

Withholding Rate: %

Per California Revenue & Taxation Code (R&TC) Sections 18662, 18668 & 19521, you are required to do all of the following:

1. Withhold at the withholding rate shown above from gross payments made to the recipient(s). Withholding agents are required to withhold if they expect total payments to a recipient to exceed \$1,500 during the calendar year.
2. Complete the upper section of this notice. Return Copy A with payment of tax withheld to the Franchise Tax Board, at the address shown above, by the 20th of the month following the last date the recipient performed services. R&TC Section 18668 provides that, if any amount required to be withheld under Section 18662 is not paid to the Franchise Tax Board on or before the due date required by regulations, interest will be assessed at the adjusted annual rate established pursuant to Section 19521 computed from the due date to the date paid.
3. If the recipient's employment or services will extend beyond a 30-day period, call the Franchise Tax Board at the number above and we will send you another notice.
4. Furnish Copies B and C to the recipient.
5. Retain Copy D for your files.

YOU ARE NOT LIABLE to the recipient for any amounts that you are required to withhold and pay to this department.

Per R&TC Section 19509, Failure to Withhold or Pay Over Tax Withheld, any person who, with or without intent to evade, fails to withhold, per R&TC Section 18662, or pay over any tax withheld, shall be guilty of a misdemeanor, and, upon conviction, be fined an amount not to exceed one thousand dollars (\$1,000) or imprisoned for not more than one year, or both, at the discretion of the court.

RECIPIENT:

The withholding of tax does not relieve you of the liability to file a California tax return, within three months and fifteen days (for individuals and fiduciaries), or two months and fifteen days (for corporations) after the close of your taxable or income year.

You may be required by law to file a tax return. You can determine if you must file a tax return by referring to the instructions for Forms 540 and 540NR for individuals, the instructions for Forms 100 and 100S for corporations, and the instructions for Form 541 for fiduciaries.

Even if you are not required by law to file a tax return, you must file a return to receive a refund if California tax has been withheld. **(For more information or to request tax forms and instructions for applicable tax years call 1-800-852-5711 from within the United States or 1-916-845-6500 from outside the United States.)**

Filing a return late may result in the assessment of a penalty.

When filing your California tax return, attach Copy B of this form to the face of your return as you would a federal Form W-2. Keep Copy C for your records.

by (Authorized Representative)



STATE OF CALIFORNIA

FRANCHISE TAX BOARD

P.O. BOX 651
SACRAMENTO, CA 95812-0651
TELEPHONE: (916) 845-6262
FAX: (916) 845-4831

Notice to Withholding Agent

Date:

Name of Performing Entity(s):

☐ **WAIVER OF WITHHOLDING AT SOURCE**

You are authorized to waive withholding on payments made to the performing entity(s) shown above.

☐ Month of performance _____.

☐ This waiver expires _____.

☐ **AMENDMENT**

You are directed to take the action(s) indicated below with regard to the original NOTICE TO WITHHOLD AT SOURCE, dated _____, for the entity(s) shown above.

☐ WITHDRAW. No withholding is required.

☐ AMEND withholding rate from _____ % to _____ %.

☐ WITHHOLD but do not send funds to Franchise Tax Board (FTB) at this time.

☐ RELEASE all funds held by you to the entity(s) shown above.

☐ SEND all funds held by you to the FTB.

☐ SEND to FTB \$ _____, RELEASE to entity(s) shown above \$ _____.

☐ **Other:**

Thank you for your cooperation in this matter.

by _____
(Authorized Representative)

☐ CC:



STATE OF CALIFORNIA

FRANCHISE TAX BOARD

PO BOX 651
SACRAMENTO CA 95812-0651
TELEPHONE (916) 845-6262
FACSIMILE (916) 845-4831

In reply, refer to:
767:HW: :AGENT

RE: Notification of Nonresident Withholding Requirements

California requires withholding on payments of compensation for personal services performed in California by a nonresident entertainer, athlete, or independent contractor. The statutory withholding rate is seven percent of the gross payment made to a nonresident performing personal services in California. This rate applies to individuals as well as incorporated taxpayers.

If you notify us prior to a performance by a nonresident, we will send to you a Notice to Withhold Tax at Source (form FTB 594), authorizing a withholding rate for that specific performance. The specific withholding rate is generally lower than the statutory seven percent because it takes into account other information. You can notify us by mail, telephone, or fax using the contact information at the top of this letter.

If you do not have a form 594 for a performance, you are required to withhold at the rate of seven percent. Use Form 592-A, Nonresident Withholding Remittance Statement for that purpose.

We are enclosing our publication Nonresident Withholding Entertainment Guidelines. Please review it closely because it explains your withholding obligations. All withholding agents, whether notified or not, are liable for tax, penalties and interest. These amounts may be assessed directly to the withholding agent if they are not properly withheld.

We hope you find this information helpful. We would appreciate your help in keeping our records up-to-date. Please complete the brief questionnaire below and return it to us at the address above. If you have any questions, feel free to contact us by phone, mail, or fax.

Name _____
Nonresident Withholding Section
Enc.

CHECK THE APPROPRIATE BOX BELOW

_____ Yes, we make payments to nonresidents of California.

_____ No, we do not make payments to nonresidents of California at this time.

Print Name: _____

Title: _____

Signature: _____

Telephone Number: _____



FRANCHISE TAX BOARD

PO BOX 651

SACRAMENTO CA 95812-0651

**ENTERTAINMENT GUIDELINES
FOR
REDUCED WITHHOLDING RATES**

Performers or their representatives may request a reduced rate or relief from the California withholding. We need the following information to process your request for reduced rates or waivers.

A COPY OF THE CONTRACT WHICH SHOULD INCLUDE:

- ☐ Name of the artist/performer.
- ☐ Name of the presenter/buyer.
- ☐ Date of the performance.
- ☐ Compensation paid by the presenter to the artist/attraction.
- ☐ Payment to the artist for sound and lights.
- ☐ Name of the opening/closing act.
- ☐ Who is paying the opening/closing act.
- ☐ Compensation to the opening/closing act.
- ☐ Presenter's local and fixed expenses if the artist will receive a guarantee plus rather than receiving a box office percentage.

ALSO PROVIDE

- ☐ Artist's Social Security Number(s) (SSN).
- ☐ Artist's Federal Employer Identification Number (FEIN).
- ☐ Artist's California Corporation Number.
- ☐ A list of partners and their SSNs if a partnership.
- ☐ Indication if performing entity is an S-Corporation.
- ☐ Indication if payroll taxes on wages earned by employees was being withheld through the California Employment Development Department (EDD). NOTE: Please contact the EDD for information on California wage withholding for nonresident wage earners.
- ☐ A list of touring expenses.

This information should be sent to the Franchise Tax Board by facsimile at (916) 845-4831 or by mail to the Nonresident Withholding Section, Entertainment Unit, PO Box 651, Sacramento, California 95812-0651.

If you have any questions, please call our entertainment representatives at (916) 845-6262.

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STATE OF CALIFORNIA
FRANCHISE TAX BOARD
PO BOX 651
SACRAMENTO CA 95812-0651

FIRST CLASS